

Sustainable Development

A Mining Perspective

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Dorian Emmett

Head of Sustainable Development
Anglo American plc

The Foundation for Science & Technology

ANGLO AMERICAN plc

- FTSE Top 20
- Mining Focus
- Approx \$60bn Market Capitalisation
- 128000 Permanent Employees
- Over 50 Countries

FINITE OR RENEWABLE

- Mining operates predominantly around FINITE resources
- Dictates an approach to
 - promote transition to more sustainable patterns of development
 - focus on post-closure issues

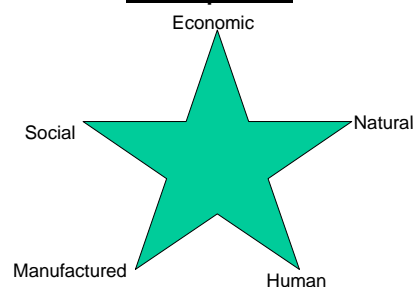
Five Capitals Model Then Becomes Useful

Triple Bottom Line

- Financial
- Social
- Environment

VS

5 Capitals

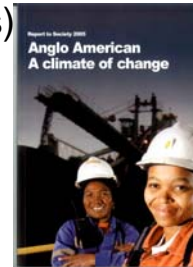


- Involves Trade-offs

QUANTIFY TRADE-OFFS

Five Capitals links to measurement and reporting of SD performance

- Global Reporting Initiative (GRI)
- IFC Investment Guidelines (Equator Principles Financial Institutions links)
- Our Report to Society
- Both Quantitative and Qualitative

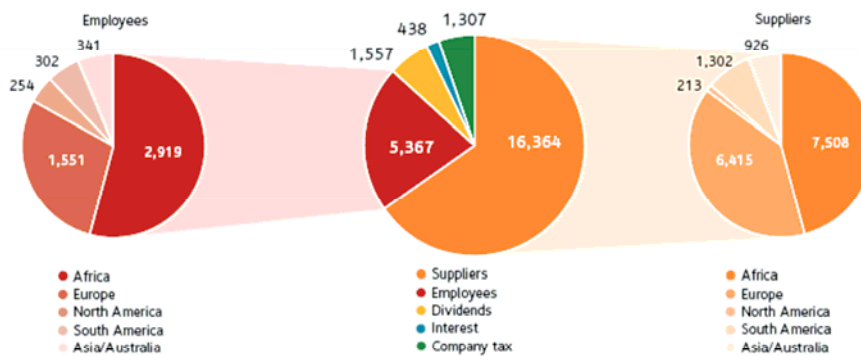


SD MEASUREMENT AND REPORTING

Sharing of economic benefits

\$ millions

Distribution





SD MEASUREMENT AND REPORTING

Data for managed companies

For the year ended 31 December 2005

	CO ₂ from processes and fossil fuels ¹ 1,000 tonnes	CO ₂ from electricity purchased ² 1,000 tonnes	Total energy used ³ TJ	Land utilised by operations ha	Water used for primary activities 1,000 m ³
Anglo American plc					
Totals for Year 2005	16,120	15,683	298,119	95,129	629,406
Totals for Year 2004	14,254 ⁴	14,136 ⁴	291,472 ⁴	71,887 ⁴	593,886 ⁴

Anglo Platinum	CO ₂ from processes and fossil fuels ¹ 1,000 tonnes	CO ₂ from electricity purchased ² 1,000 tonnes	Total energy used ³ 1,000 GJ	Land utilised by operations ha	Water used for primary activities 1,000 m ³	Tonnes mined/tonnes milled
Rhineham Refinery (Sachem Mine)	2	115	1,044	191	1,266	2,576
Ladang Plant (Sachem Mine)	7	192	822	427	1,511	1,508
Panagotsoane Refinery	78	280	2,155	1,241	3,138	4,535
Maricopa Refinery	1	481	193	34	237	0
RPM Antwerp (U.S. Section)	11	754	2,977	915	5,325	6,000
RPM Antwerp (S. Section)	12	1,495	5,747	3,436	2,541	11,825
RPM Lister Section	54	686	3,257	2,311	2,817	6,256
RPM Waterfall Smelter	106	732	3,978	57	1,694	0
Palaikwato Smelter	30	288	1,397	728	289	0
Rustenburg Base Metals Refiners	134	191	2,203	140	607	0
Anglo Platinum Research Centre	0	3	12	0	9	0
Totals for Year 2005	493	4,942	23,795	11,564	25,525	36,400
Totals for Year 2004	418	4,051	23,184 ⁴	10,390	32,671 ⁴	37,925

1. CO₂ emissions from processes and fossil fuels consumed are calculated using the IPCC2006 Greenhouse Gas Protocol calculation tools.
 2. CO₂ emissions from purchased electricity are calculated using country specific factors for national grid electricity.
 3. Total energy used is calculated from electricity purchased, energy generated from biomass and fossil fuels consumed.
 4. These data are not the same as reported in other reports due to different reporting dates.

Note: The sum of data for assets over time may differ from the total for the year as being equal to the sum of total units.



SD MEASUREMENT AND REPORTING

Focus
Integrate sustainable development into business model

Our goals

- Sustainable development appraisal of investment proposals
- Develop Sustainable Development toolbox for engineers
- Raise focus on product stewardship and recycling
- Engage key suppliers on principles, practices and targets
- Develop integrated mine closure guidelines
- Develop Sustainable Development guideline for planning capital projects
- Full ISO 14001 certification



TRADE OFFS & ENVIRONMENTAL PROTECTION

- Multinationals in **developed** and **developing** countries
- Priorities in respect of MDG, MEA vary
- Non-Financial Costs often discernable
- Non-Financial Benefits fraught with valuation challenges
- Competitiveness always an issue
- Good Governance frameworks help set a level playing field



MINING INDUSTRY RESPONSE

Purpose

Define ground rules for sustainable patterns of development

- Global Mining Initiative – 1998
- Mining, Minerals and SD (MMSD) Project – Multistakeholder
- Results Core to Johannesburg World Summit on SD (2002)
- International Council on Mining and Metals (ICMM) formed

The ICMM Principles

ICMM
International Council
on Mining & Metals

ICMM Principles

- Maintain ethical business practices and sound corporate governance.
- Recognise SD considerations in our corporate decisions
- Uphold fundamental human rights and respect cultures, customs and values
- Implement risk management strategies based on valid data and sound science.
- Seek continual improvement of our health and safety performance.
- Seek continual improvement of our environmental performance.
- Help conserve biodiversity and use land sensitively
- Encourage responsible product design, use, recycling and disposal.
- Contribute to the development of communities in which we operate.
- Engage in open and honest dialogue with our stakeholders.

UN Global Compact



THE GLOBAL
COMPACT

Anglo American became a signatory to the UN Secretary-General's Global Compact in 2004.

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of:

- Human rights
- Labour standards
- The Environment
- Anti-corruption



Resource Endowment Project

- Three questions:
 - How does the mining sector contribute to national development and poverty reduction?
 - What strategies have been effective in managing revenues for sustainable development and poverty reduction?
 - How do mining projects contribute to development at national, regional and local levels?
- Recommendations for companies, governments and other key organisations, aimed at enhancing the socio-economic contribution of the mining and metals sector
- Partners: WBG/UNCTAD

Resource Endowment Project

- A distinctive approach...whereas the 'resource curse' focuses on:
 - economic growth --- our study gives equal importance to poverty reduction
 - Failed countries --- our study looks at "successful" countries and "success factors"
 - Pinpointing problems -- our study seeks practical solutions
 - Macroeconomic factors -- our study gives priority to governance at national, regional, and local level
- Participation: all study partners, particularly governments, were fully engaged
- Independence and integrity: senior advisory group oversight
- Ghana, Chile, Peru, Tanzania

Resource Endowment Project

Phase 1 Analytical Framework and Tools (May 2004 - December 2004)

The Analytical Framework Executive summary report presents an abbreviated literature review and assesses the performance of 22 mineral dependent countries across a range of socio-economic indicators. The Resource Endowment Toolkit provides a systematic and consistent approach to documenting the impacts (both good and bad) of individual mining projects on a local, regional and national level.

For the full text of the Analytical Framework and additional online resources visit www.icmm.com



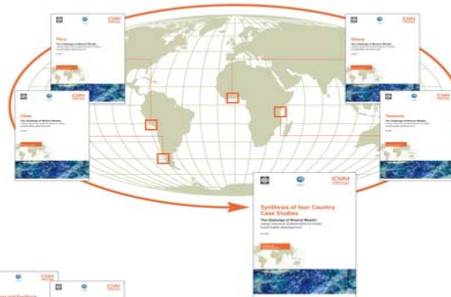
A 'Spotlight series' to summarise key aspects of the Resource Endowment initiative has been introduced. The initial Phase 1 and 2 spotlights are: The Prize; The Challenge; Ways Forward; Process and Feedback; and Resource Endowment Tools. These will be added to during Phase 3.



Phase 2 Testing, Synthesis and Emerging Lessons (January 2005 - December 2005)

The methodology of the toolkit is then tested in four country field based case studies.

For the full text of the country case studies visit www.icmm.com



The findings from the four country case studies are synthesised into a single report along with a series of recommendations for industry, host governments, donor organisations and NGOs.

Phase 3 Action Learning through Partnerships (January 2006 onwards)

The activities of Phase 3 will include a number of 'joint projects' in partnership with others to encourage uptake of the Phase 2 recommendations and, as a consequence, enhance the contribution of mining to social and economic development. Phase 3 will also focus on dissemination and outreach.

For the latest information on Phase 3, including details of joint initiatives and partners visit www.icmm.com

Resource Endowment Project

- The substantial recovery in mining investment has been part of improved growth performance in all four countries
- IF the counterfactual is the perpetuation of the pre-reform economic performance, then the post-mining period demonstrates an improved record
- This most evident in Ghana (since 1987) and Tanzania (since 1997) - mining has added statistically 0.3% to 0.4% extra growth each year
- A similar connection is found in Peru and Chile
- Non-mineral GDP growth has also been positive in all four cases and higher than that of regional comparators except in Peru

Resource Endowment Project



Tools

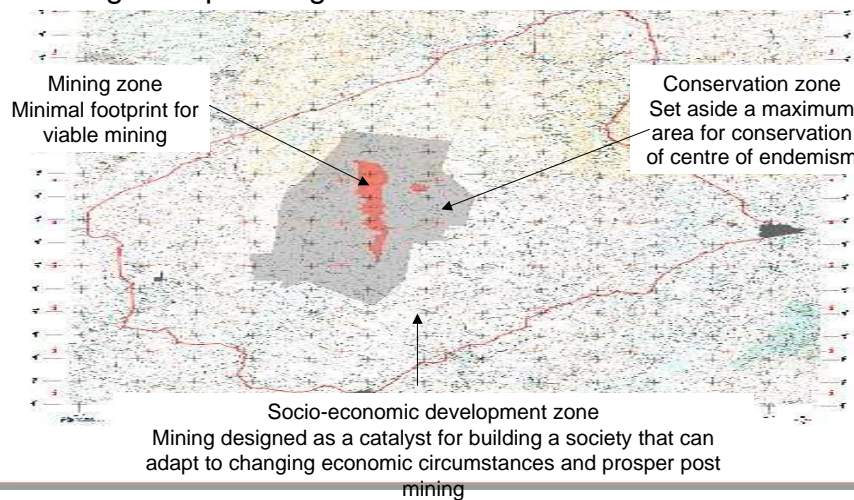
- Policies and guidelines
 - SHEC (Exploration)
 - SEAT
 - Community Engagement Plans
 - Biodiversity
 - Climate Change
 - Procurement
 - Product Stewardship
 - Closure
 - Resettlement
- Peer Reviews – Safety, Biodiversity – Assurance Reporting
- Projects: Safety, health, environment, social, materials stewardship risk assessment (incl Cost of Carbon)
- Integrated Risk Management
- Common database, SMART/qualitative targets

Socio Economic Assessment Toolbox

- 33 assessments completed;
19 in the field
- Implemented in 15 countries
- Aimed at raising social performance and capacity building at mature operations
- Seeking to track implementation of management commitments
- Quality of stakeholder engagement improved in most cases

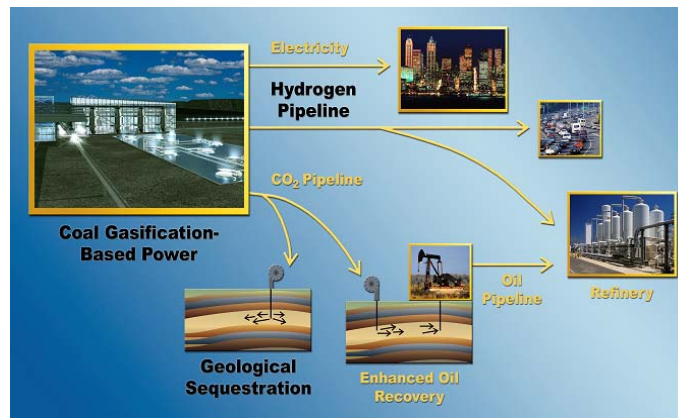


Integrated planning for a mine – SD Zones of Influence



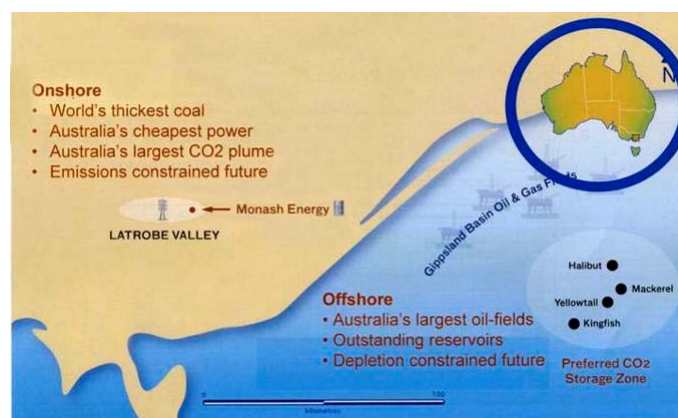
COMPANY RESPONSE – ENERGY & CARBON CHANGE

Investing in technology – FutureGen



COMPANY RESPONSE – ENERGY & CARBON CHANGE

Investing in technology - MONASH





FINALLY, ACTION SOMETIMES NEEDED WITH IMPERFECT INFORMATION

In Early 2000's in Sub-Saharan Africa

- Provision of Anti Retroviral Therapy to Employees
- Cost / Benefits to Business Uncertain
- Politically Sensitive



ART - ECONOMIC IMPACT

- Cost of providing ART in the first year is \$194 per patient per month
 - Costs reducing over time due to economies of scale and declining drug prices
- Cost of ART is more than covered by reduction in absenteeism and reduced health care costs
 - Savings from reduction in absenteeism cover 20 – 60% of ART costs
 - Savings from reduced hospitalisation cover 45 – 70% of ART costs

